

HO 131-39

On October 24, 1957, Assistant U. S. Attorney [redacted] Houston, Texas, advised he had physically examined the documents presently in storage concerning previous investigation and testimony involved in the Texas City explosion. He stated there were approximately 65 crates of records, of which he had ordered 28 to be physically shipped to Houston for detailed examination. He stated that should the pertinent documents of J. D. LATTA AND COMPANY be located or other valuable evidence, he would notify SA DOOLING.

b7C per EOUSA

P

F B I

Date: 11/7/57

Transmit the following in _____
(Type in plain text or code)Via AIRTEL AIRMAIL
(Priority or Method of Mailing)

Mr. Tolson
Mr. Boardman
Mr. Belmont
Mr. Mohr
Mr. Nease
Mr. Parsons
Mr. Rosen
Mr. Tamm
Mr. Trotter
Mr. Clayton
Tele. Room
Mr. Holloman
Miss Gandy

TO: DIRECTOR, FBI (131-363)
 FROM: SAC, HOUSTON (131-39)
 RE: SS WILSON B. KEENE
 SS HIGHFLYER
 SS GRANDCAMP
 Limitation of Liability,
 April 16 and 17, 1947
 Petitions of Lykes Bros.
 Steamship Company and
 Republic of France
 Southern Texas
Admiralty Nos. 1868, 1869, 1870
ADMIRALTY MATTERS
 (OO: Houston)

Re report of SA JOSEPH J. DOOLING dated 11/2/57,
 at Houston, and Houston letter to Bureau 11/2/57.

The following background information is set forth
 for the benefit of Dallas and Kansas City:

At the present time the U. S. is preparing to
 defend a limitation of liability suit filed by Lykes Bros.
 Steamship Company and the Republic of France. These suits
 arose from the so called Texas City disaster which occurred
 on April 16 and 17, 1947. Trial for the first suit with the
 Republic of France has been set for March 4, 1948. It is
 the Government's contention that the two plaintiffs should
 not be relieved of their liability.

b5 per DOJ-Civil Division

- 3 - Bureau (AM)
 2 - Dallas (131-7) (Encl. 2) (AM)
 2 - Kansas City (Encl. 2) (AM)
 1 - Houston

RECORDED - 9

6 NOV 8 1957

JJD:ys
(8)*SP*

Approved: _____ Sent: _____ M Per: _____

Special Agent in Charge

F B I

Date:

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HO 131-39

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b6

b7C per DOJ-Civil Division

Investigation has reflected in addition to the Galveston Office Manager, ARTHUR CLARK, and the Houston Office Manager, Mr. M. J. WOLF, J. D. LATTA had four female employees in Galveston at the time of the explosion. One such employee is Mrs. LOUISE REESBY, now residing at 3965 Wedgway Drive, Fort Worth, Texas, telephone No. WA 6-0906. Another female employee of J. D. LATTA at about that time was DOROTHY CARTER, now married, location and name unknown. He also had two other female employees who have not been identified.

Interview of WALTER H. SANDBERG reflects that while he was vice president of Texas City Terminal Railway Company, Texas City, at the time of the explosion he was concerned because the ammonium nitrate arrived in "hot condition"; that is, bags in the box cars were too hot to comfortably handle with bare hands. About eight months prior to the explosion SANDBERG complained to the Spencer Chemical Company, Kansas City, Missouri, concerning this condition. As a

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result a Mr. STEED of that firm visited Texas City prior to the explosion and stated in his opinion ammonium nitrate was not an explosive. Some time after the Texas City explosion SANDBERG went to the Spencer Chemical Company and talked to STEED about the same matter. STEED stated he did not believe ammonium nitrate was an explosive prior to or after the explosion.

For utilization in conducting the interviews at Dallas and Kansas City, enclosed is a copy of Departmental request dated 10/14/57, and copy of report of SA JOSEPH J. DOOLING dated 11/2/57, at Houston. Please return these enclosures when investigation is complete. It should be noted the Bureau has placed a dead line of 11/4/57, on this matter.

Dallas, at Fort Worth, Texas, will locate and interview Mrs. LOUISE REESBY, 3905 Wedgway Drive, telephone No. WA 6-0906, as requested by the Department, and also ascertain the exact dates of her employment and her duties concerning the ammonium nitrate. Also, ascertain, if possible, names and addresses of the other three females employed by J. D. LATTA at the time of the explosion.

Kansas City will locate and interview Mr. STEED of the Spencer Chemical Company concerning his conversations with WALTER H. SANDBERG.

Your attention is directed to item 6 of the Departmental memorandum. Reports should not contain any evaluation of the potentiality as good witnesses of the persons interviewed. Furnish a blank memorandum, suitable for dissemination, setting out agent's observations regarding these persons. Include appearance, manner of speaking, ability of the persons to express themselves, education and any other observations which would permit the Department to evaluate them as witnesses.

HAWKINS

Approved: _____ Sent: _____ M Per: _____
Special Agent in Charge